

**St. Mary Rehabilitation Working Group
Meeting Notes for April 28, 2004
Glasgow Elks Lodge # 1922**

Welcome and Opening Remarks

John Tubbs, representing Lt. Governor Ohs, opened the St. Mary Rehabilitation Working Group monthly meeting at 10:00 a.m. followed by introductions of Working Group Members. Mike Dailey filled in for Paul Azevedo for facilitation. Working Group members present were: Kevin Salsbury, Bruce Hould (alt. Randy Reed), Larry Mires, Mark Minoukian, Max Maddox, Matt McCann, Steve Page, Jeff Jensen, Gary Anderson, Delores Plumage, and Randy Perez. Absent were Lt. Governor Ohs, Deby Murch, Mike Tatsey, Mike Barthall, and Paul Tuss.

Meeting Notes

Notes from the March 17, 2004 meeting were approved without additions or corrections.

Progress Reports

- John Tubbs gave a progress report on the status of the St. Mary Legislation. Discussion ensued on the breakdown of how the \$9.5 million will be spent. John reported that the three Congressional Offices have each made the request for \$9.5 million. He said that key to the appropriation request is the language assuring that the expenditures are non-reimbursable, the State and the Blackfeet will operate under Agreements with Reclamation, and Reclamation's administrative costs are limited to 8 percent. John further reported that the Congressional staff in Washington has indicated that the \$5 million in reserve may not work in Committee. With limited dollars, federal appropriations requests must be related to specific expenditures and a reserve for an unknown emergency is a tough sell.
- John raised the priorities Reclamation provided in February with regards to the \$5 million and added that we need to consider using \$1.5 million of the \$5 million to fund the new Bridge crossing the St. Mary River. John indicated that if we want to begin bridge design as early as next year, these might be the only funds we can hope for. Larry Mires said that the federal transportation bill was in committee, and questioned whether the bridge could be added to the transportation bill. Larry recommended talking to Senator Baucus' Office and there may be a way to get highway funds under a special provision in the transportation bill that allows for Cultural and Historic Preservation. For example, the Fort Peck Interpretive Center was funded through the transportation bill; however, the Army Corps of Engineers received the appropriations authority to build the facility. John said he would follow up with the Congressional staff on this.
- Steve Page raised the concern that we are losing the opportunity of having a \$5 million reserve for emergencies. The concept of having a reserve fund is important to assure the continued operation of the system. John responded that though a reserve fund makes a lot of sense to the working group, we are being told that Congress isn't likely to fund this part of the request if we don't have a specific plan to expend the funds. Steve asked if there was some possibility to preserve this as an insurance policy. John stated that we would continue to pursue this possibility.

***St. Mary Rehabilitation Working Group
4/28/04 Meeting Notes***

- Matt McCann asked about the “big picture.” John first said that the approach would be the Working Group’s approach. The idea is to finish required engineering and environmental studies and to quantify the benefits of the project and ability to pay to determine the share of costs of the reconstruction. Matt asked if John was prepared to talk about possible state Legislation. John wasn’t prepared to discuss possible state legislation, other than the grant applications.
- Example letters of support were handed out to Working Group members. These include support letters for Treasure State Endowment Program (TSEP) bridge grant request being made by Glacier County. Mike Dailey raised the need for letters of support for the Reclamation and Development Grant Program application. John reminded the group of the need to write letters of support for the \$9.5 million in federal appropriations. When sending letters of support to Congressional Offices, email and fax work best. If you are sending an original, send it to the state offices, which you can find on the St. Mary web page. John also recommended the Working Group begin planning for the August recess and setting up meetings with the two Senators and Representative Rehberg.
- John reported that DNRC hired Entranco Engineering of Helena to prepare a preliminary engineering report on the St. Mary River bridge and Treasure State Endowment Grant application. Entranco was selected based on their competitive track record with TSEP bridge program and the extremely short time available to prepare the needed information.
- John gave a report on the last DNRC/USBR/Blackfeet/Ft. Belknap meeting. John indicated that the meetings have been very productive. He reported that the State and Reclamation continued to discuss the draft legislation. Reclamation agreed to the 8 percent limit on overhead. He reported that the \$3 million might not be sufficient if an EIS is required. Reclamation and BIA have assigned staff to begin discussions of right of way questions. The possibility of Pick-Sloan as an authorization strategy was discussed. John raised the concern that Public Power may not support a Pick-Sloan project and needs to be a consideration. Finally, the State again raised the need to analyze the potential of hydropower at the drops as an alternative.
- Mike Dailey gave a progress report on the St. Mary tour. The new tour dates are June 23 –24. The Working Group regular monthly meeting will be on June 23rd from 10:00 AM – 3:00 PM, and the tour on June 24 starting in Babb at 9:00 AM. A block of 25 rooms at the Glacier Gateway Inn will be reserved for 2 nights. Individuals are responsible for their own reservations; and need to be made early. Mike Tatsey and Marv Cross are still working out the lunch and a meeting place details. Enough vehicles have been secured to accommodate 50 people. Jerry Moore from USBR suggested having a rain contingency should weather not cooperate.
- Randy Perez volunteered to host the next meeting at Fort Belknap. He will work on arranging the space. The date is Wednesday the 26, meeting from 10 a.m. to 3 p.m. The Working Group concurred with this location.

Update from Funding Subcommittee

- The basin funding pledges stand at \$55,000: \$50,000 from the Joint Board of Control and \$5,000 from Walleye Unlimited.

***St. Mary Rehabilitation Working Group
4/28/04 Meeting Notes***

- Max Maddox asked if John had worked out how much the Working Group should ask the communities for, in raising matching funds for the Environmental Contingency Account grant, and what progress has been made on this. John asked the group to discuss what they think is the best approach. Max asked how we approach the cities and how much should we ask each community? Gary Anderson related Chinook's question on what would be the basis for coming up with the money.
- Gary Anderson broke down the \$100,000 as \$50,000 from irrigators, Walleyes is \$5,000, and DNRC was going to go \$10,000, leaving \$35,000. John said that the State was bringing \$110,000 and we still needed to raise \$100,000 locally. The group agreed to set a goal of \$25,000 for the six municipalities of Havre, North Havre, Chinook, Harlem, Fort Belknap, and. Discussion about non-project pumpers and other water users was pursued to see if people knew how to include them in raising funds. It was decided to develop a list and request a contribution of \$0.50 per acre for non-project pumpers. In addition, it was agreed that the each community target amount would be based on Reclamation's contract amounts for water. Gary Anderson had the 2004 list of Reclamation contract water supplies for the 6 communities. The document is the "Milk River Water Users Funds O&M Estimates for Calendar Year 2004." Gary will get copies of O&M to Working Group Members. The group agreed that these contract numbers would be used for a first cut to set the amount each community will be requested to provide. The next group of local governments discussed was the 5 counties of Glacier, Hill, Blaine, Phillips, and Valley. The rationale was their tax base is highly dependent on valley irrigation.
- Randy Perez asked that John clarify what the monies would be used for. John indicated that the Working Group would make the decisions on how the funds would be expended. Bear Paw Development has been approached about setting up an account for funds raised. The funds represent the beginning of the "non-federal cost share" for the repair of the St. Mary Facilities. John discussed the requirements that the Governor placed on the approval of the \$100,000 from the Environmental Contingency Fund. First the \$100,000 grant must be matched 1:1 by basin entities. Further, the Lt. Governor is on the agenda for the next Legislative Finance Committee. These steps are required before the state's grant funds become available. John will testify before the committee and may enlist support from the Working Group members.
- Max Maddox returned the discussion to the amount counties could contribute. It was decided to make the initial request of \$5,000 per county. Delores Plumage reminded the working group that this just makes it more important for outreach. This project is important to the economy but the county budgets are very tight.
- US Fish and Wildlife has made a request to raise funds for the participation in this project. This may or may not qualify for matching Reclamation funds.
- John has committed \$10,000 from his program. Possible sources of fund raising that were discussed included contacting all households that receive water as well as the people who fill water trucks for rural residents. County fairs may be a place where we need to raise awareness and funds.
- John reminded the group that \$100,000 had to be in place before the end of the year.

Reclamation and Development Grant:

Mike Dailey overviewed the Reclamation Development Grant that he has prepared on behalf of DNRC for State support to the project. The goal is to rehabilitate St. Mary Project Facilities. The objectives are in line with the draft legislation and are also based on the objectives adopted in Havre. These include completion of the studies, a source to defray travel cost, matches to federal funds, and addresses emergency repairs if necessary. The grant is for \$300,000. A copy of the draft was available to look at. Mike asked for letters of support by next Wednesday either sent to Mike or to John's address. The Joint Board has already drafted a letter as well as a couple of irrigation districts. [UPDATE: Clarification from Mike Dailey with regard to the Reclamation and Development Grant, total was \$3.3 million and not \$8.3 million. The \$5 million contingency portion was removed from the grant and the \$1.5 million pertaining to the Blackfeet portion is a separate issue. He also stated that \$3 million is the federal portion through the St Mary Facilities Act of 2004, and \$300,000 was the state portion; the maximum allowable under this grant program.]

John reminded the group that there was no cost share specified in the \$9.5 million but we are definitely raising cost share.

Viewed "Milk River Lifeline of the Hi-Line" video.

12:15 PM – 1:00 PM Lunch Break.

Second Review of Working Group Process Agreement

Edits/additions from the March reading were briefly discussed; no additional comments were made at this time. John did highlight the change that placed the State as the Chair of the Working Group. He indicated that this was what Paul and he had understood as the recommendation last meeting and had incorporated these changes. No one raised a concern about this change. Matt McCann asked if the process agreement would be gone over again. John indicated that it would be at the next meeting. In the interest of time, the second reading of the Process Agreement was tabled until the May meeting.

Review Request For Engineering Qualifications (RFQ)

- John Tubbs overviewed one of the next steps, hiring an engineering firm. John said that we are approaching the project with the "client / engineer approach" where a professional firm will work for the state at the direction of the Working Group.
- John Tubbs provided a brief explanation of the RFQ, as well as an overview of the process, which is required under state law. John said that the law was to base the selection on qualifications. The Department of Natural Resources and Conservation will be the entity that hires the engineering firm. The \$100,000 in Environmental Contingency Account funds along with the \$100,000 in local funds will in part be used to pay for the initial months of engineering work before the federal funds are contracted.
- John requested the Working Group set up a subcommittee to review the RFQ's and make a recommendation to the state as to which firm should be hired. John indicated that the RFQ would be sent out after the next working group meeting. In June the RFQ would be advertised, in July we would receive and begin the review of the RFQ responses, and by

***St. Mary Rehabilitation Working Group
4/28/04 Meeting Notes***

the August meeting we would have either hired or be recommending the engineering firm. The goal is to have them under contract by September so that they could conduct a site visit when the system was still operational as well as when the canal is shut down later in the fall. The firm would also review the Reclamation analysis so that by late fall and early winter they can help the Working Group set the priorities for using the federal funds and help us identify the needs for the next two years. The RFQ will request the services of a firm from preliminary engineering to construction inspection and “as built drawings.” The contract would allow for termination for many reasons including lack of funding or other reasons. By going out for the entire project, you allow yourself the opportunity of sticking with the same firm if you feel that they are doing a good job.

- Steve Page expressed concern that he thought the Bureau had already completed all of these studies. John said that they may have but Reclamation will not release the studies until the Office of Management and Budget (OMB) releases the studies. John said that we would not duplicate Reclamations work because he is confident that the studies will be released. However, even when Reclamation’s report is released, they never chose a preferred alternative nor did they present the information to the public or conduct environmental assessments. Before we go for design and construction funds we need to decide what we are going to build based on completed alternative analyses. Steve asked if we should be requesting higher authorities to make sure that Reclamation releases their studies. John said that that message has been raised by Reclamation; the \$9.5 million write-in request has been raised to OMB as in part being needed because of the lack of releasing their reports. However, there are serious pressures on the Administrations budget. The hold up is in the White House but John is confident that the reports will be released before we begin to expend funds. Pam Tierney-Crisafulli from Senator Burns’ office echoed John’s confidence that the studies will be released.
- John reminded the group that it was a bold move to hire an engineering firm for a \$100 million project with less that \$200,000 in funding raised. An RFQ Subcommittee was formed. We hope to do the review in July but it will take a serious effort. The subcommittee will meet to discuss the review process prior to the selection. The subcommittee is comprised of Randy Perez, Mike Tatsey, Kevin Salsbury, Jeff Jenson (Gary Anderson as his alternate), Max Maddox, and Larry Mires. The subcommittee hopes to meet sometime in July to review the RFQs.

Public Comment

- Larry Mires suggested that a list of all the projects needed on the entire system so we can all work together and make everyone realize they should not jeopardize the St. Mary rehabilitation project. It would help if we (the Working Group) knew what there was out there. Several people agreed with Larry that this would help the Working Group.
- Delores Plumage raised an issue related to the working draft of the “participants responsibilities.” Delores noted that on page 6 of 11 it says, “participants agree to communicate to each other directly rather than through the media.” Specifically, Delores raised a concern over an article published in the Phillips County newspaper regarding a TERO dispute between Malta Irrigation District and the Fort Belknap Indian Reservation. She said that we (the Working Group) must be unified especially when we go back to our constituents. Otherwise they may see the Working Group as fractured and therefore

St. Mary Rehabilitation Working Group

4/28/04 Meeting Notes

ineffective. For example, the news article made this difficult because she learned about it after the news was published.

- John interrupted the public comment to remind the group of the objectives of the Working Group. The group needs to stick to these goals even when an individual interest is separate from the St. Mary Project may conflict. The dialog needs to follow the process we have agreed to but the priority must be St. Mary. Delores asked all to not react too quickly on issues and for all to consider the impact on the St. Mary Project. Working Group members should not have to find out about issues in the newspaper.
- Bob Larson noted some other water users that rely on the Milk as a source of treated water such as bulk hauling for outlying residents, oil and gas industry, weed spraying, and other businesses outside the municipal water supply systems.
- Randy Perez reiterated that the Working Group is not the place for issues surrounding the Dodson Dam. Speaking for himself, Randy said that the purpose of the group is too important of an issue to have this type of issue cause any problems for the rehabilitation project.
- Karen Filipovich from Montana Watercourse introduced herself and stated that she would be assisting the Working Group Outreach Subcommittee.
- Bruce Hould stated that he would be willing to put forth an effort to contact and help organize the Milk River Project Contract Pumpers to raise basin funds. John said that he would try to find a source of a list, possibly from Reclamation.
- John Musgrove brought up potential Canadian responsibilities as project beneficiaries and should they be engaged as possible cost-share partners. John Tubbs suggested that Rich Moy might be able to update the group on the efforts to open up the International Joint Commission 1921 order at the next meeting.
- Erling Juel agreed with John Musgrove that the Canadians benefit from the project. He invited people to attend the Malta Irrigation District May 13 open house to see the repairs of Dodson Dam. The district has spent \$3 million to improve these facilities.
- Bob Larson stated that the Canadians have already asked the United States for financial assistance for a Canadian Dam on the Milk. The studies for a Milk River Dam in Alberta turned out to be economically unfavorable for the Canadians to do it on their own. For us to turn around and ask them for cost-share on the St. Mary would not likely draw a lot of Canadian support.
- Gary Anderson asked for some feedback on a letter from Senator Burns regarding the re-opening of the International Joint Commission 1921 Order. There was some discussion over who the received the letter and how broad the circulation was. Pam Tierney-Crisafulli will follow up on this issue.

Action Items

- John will work with Jamie Macartney on concepts for the bridge money.
- John will explore options on dealing with the emergency provisions issue.
- The outreach committee will meet after the meeting.
- Gary Anderson will provide copies of O& M forms to members.

St. Mary Rehabilitation Working Group

4/28/04 Meeting Notes

- June 9th the Legislative Finance Committee provides an opportunity to educate key Legislators on St. Mary.

Next Meeting

- The next meeting will be May 26 in Fort Belknap. Randy Perez will coordinate.
- Agenda items
 - Need to get out invitations to Congressional Delegation for August meeting.
 - Updates on tour planning and fundraising
 - Recruit Working Group assistance to meet with the Legislative Finance Committee on June 9th
 - Review of Process Agreement.
 - Open discussion on the roles and responsibilities of Working Group participants (Based on Working Group's first real test of the MID/TERO issue)
 - Legislative update

Other Items

Max Maddox, in a closing comment, announced to the Working Group that Alfalfa Irrigation District sent a letter to all of their water users regarding the 2004 irrigation water supply. The Joint Board of Control met with USBR, setting an irrigation allotment of 1.1 feet per acre, for the first irrigation this would be .3-.4 feet per acre at the headgate after accounting for conveyance loss. This reemphasizes the importance of the St. Mary water supply.

2:10 PM: Meeting Adjourned.